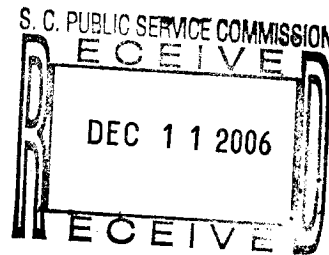


183163

George Fasano, Jr.
Senior Vice President & Assistant Treasurer

gfasano@scana.com

SA



December 8, 2006

Mr. Charles Terreni ✓
Chief Clerk and Administrator
Public Service Commission
of South Carolina
Post Office Box 11649
Columbia, SC 29211

Mr. Dan Arnett
Chief of Staff
Office of Regulatory Staff
of South Carolina
Post Office Box 11263
Columbia, SC 29211

Dear Mr. Terreni and Mr. Arnett:

In compliance with PSC Order 2005-365 in Docket No. 2005-6-G, enclosed please find the report on South Carolina Pipeline Corporations' hedging activities for the period 5/30/06 to 6/28/06.

If you have any questions concerning this report, please do not hesitate to call.

Sincerely,

George Fasano, Jr.

Attachments:

- Market to Market Results – Hedging of prior month
- Risk Management Program Adjustments
- Futures Transactions and Additional Cost Effect on Cost of Gas
- Program Results
- Contracts Purchased in Advance of Spot Month

GF/ccs

Mark to Market Results
For the Hedging of July 2006 Volumes
5/30 - 6/28
Mark to Market vs. Average Market Price

Contract Settle 5.887

Sales				Purchases			Daily Settle
<u>Date</u>	<u>Contracts</u>	<u>Price</u>	<u>Mark to Market</u>	<u>Contracts</u>	<u>Price</u>	<u>Mark to Market</u>	
1 05/30/06	-	-	\$0	-	-	\$0	6.123
2 05/31/06	-	-	\$0	-	-	\$0	6.384
3 06/01/06	-	-	\$0	-	-	\$0	6.448
4 06/02/06	-	-	\$0	-	-	\$0	6.623
5 06/05/06	-	-	\$0	-	-	\$0	6.463
6 06/06/06	-	-	\$0	-	-	\$0	6.385
7 06/07/06	-	-	\$0	-	-	\$0	5.974
8 06/08/06	-	-	\$0	-	-	\$0	6.191
9 06/09/06	-	-	\$0	-	-	\$0	6.172
10 06/12/06	-	-	\$0	-	-	\$0	6.224
11 06/13/06	-	-	\$0	-	-	\$0	6.163
12 06/14/06	-	-	\$0	-	-	\$0	6.590
13 06/15/06	-	-	\$0	-	-	\$0	7.207
14 06/16/06	-	-	\$0	-	-	\$0	7.185
15 06/19/06	-	-	\$0	-	-	\$0	6.893
16 06/20/06	-	-	\$0	-	-	\$0	6.502
17 06/21/06	-	-	\$0	-	-	\$0	6.588
18 06/22/06	-	-	\$0	-	-	\$0	6.439
19 06/23/06	-	-	\$0	-	-	\$0	6.226
	<u>0</u>		<u>\$ -</u>	<u>0</u>		<u>\$ -</u>	
Gain/(Loss) from futures transactions						\$ (161,250)	
Gain/(Loss) from option transactions						\$ (32,400) **	
Gain/(Loss) from financial transactions						<u>\$ (193,650)</u>	
20 06/26/06	0	0.000	\$0	0	0.000	\$0	5.969
21 06/27/06	0	0.000	\$0	0	0.000	\$0	6.107
22 06/28/06	0	0.000	\$0	0	0.000	\$0	5.887
	<u>0</u>		<u>\$0</u>	<u>0</u>		<u>\$0</u>	<u>6.3974</u>

Program Results

NYMEX Average Market Price	\$ 6.3974
Purchase Price Achieved per Normal Scenario	-
Difference	<u>6.3974</u>
Ratio of Contract in Normal Scenario to Total Contracts in Plan	-
Price Gain (Loss) per Normal Scenario	-
Adjustment for Contracts Purchased per Low-Price Scenario	-
Adjustment for Contracts Purchased per High-Price Scenario	<u>(0.8728)</u>
Total Price Gain (Loss)	<u>(0.8728)</u>
Contracts In Plan	14
Gain (Loss) vs Average Market Price	<u>\$ (122,193)</u>

South Carolina Pipeline Corporation
Risk Management Program Adjustments
Through June 2006

	January	February	March	April	May	June	July	August	September	Total 2006
Commissions	\$ 1,456	\$ 3,062	\$ 1,612	\$ -	\$ -	\$ 337				\$ 6,467
Software	2,073	2,093	2,054	1,885	1,967	2,016				12,088
Subscriptions	4,500	4,500	4,500	4,500	4,500	4,500				27,000
Data Feed	288	290	290	290	290	290				1,738
Non Hedging Addition to Cost of Gas	8,317	9,945	8,456	6,675	6,757	7,143	-	-	-	47,293
Hedging Additions(Subtractions)	(1,015,950)	1,005,450	700,900	-	-	298,700				989,100
Total Risk Management Program Adj.	\$ (1,007,633)	\$ 1,015,395	\$ 709,356	\$ 6,676	\$ 6,757	\$ 306,843	\$ -	\$ -	\$ -	\$ 1,036,393

Results since Inception of program

	Aug-Dec 1996	Total 1996	Total 1997	Total 1998	Total 1999	Total 2000	Total 2001	Total 2002	Total 2003	Total 2004	Total 2005	Total 2006	Total
Commissions	\$ 3,924	\$ 53,121	\$ 83,496	\$ 59,112	\$ 56,199	\$ 50,197	\$ 38,459	\$ 49,415	\$ 42,907	\$ 12,468	\$ 17,127	\$ 6,467	\$ 472,892
Software	4,215	9,547	8,847	8,412	8,412	17,063	29,176	21,782	12,082	25,549	63,482	12,088	220,655
Subscriptions	9,582	23,038	25,676	31,277	31,188	34,367	31,240	31,188	51,054	54,000	54,000	27,000	403,630
Data Feed	2,061	5,296	6,429	5,305	3,575	4,200	4,235	4,413	5,568	6,104	6,569	1,738	55,493
Non Hedging Addition to Cost of Gas	19,782	91,002	124,448	104,106	99,374	105,847	103,110	106,798	111,610	98,121	141,178	47,293	1,152,669
Hedging Additions(Subtractions)	(284,600)	(3,722,050)	27,450	3,410,280	(838,620)	(4,136,410)	12,684,200	11,012,500	(14,761,610)	2,315,013	(1,998,310)	989,100	4,675,923
Total Risk Management Program Adj.	\$ (264,616)	\$ (3,631,048)	\$ 151,898	\$ 3,514,386	\$ (739,246)	\$ (4,030,563)	\$ 12,787,310	\$ 11,119,298	\$ (14,670,000)	\$ 2,413,134	\$ (1,858,132)	\$ 1,036,393	\$ 5,828,592

South Carolina Pipeline Corporation
Futures Transactions and Additional Costs Effect on Cost of Gas
Through June 2006

Month	Yr	Cost of Gas Without Futures	Cost of Gas With Futures & Additional Costs	Addition to/ (Subtraction from) Cost of Gas
1995 Total		26,240,595	25,975,777	(264,818)
1996 Total		113,461,568	109,830,520	(3,631,048)
1997 Total		132,211,553	132,363,451	151,898
1998 Total		81,397,552	84,911,918	3,514,366
1999 Total		96,671,309	95,932,063	(739,246)
2000 Total		177,625,268	173,594,705	(4,030,563)
2001 Total		203,284,081	216,071,391	12,787,310
2002 Total		143,116,542	154,235,840	11,119,298
2003 Total		208,851,322	194,181,322	(14,670,000)
2004 Total		214,449,674	216,862,809	2,413,134
January	05	31,376,227	31,386,047	9,820
February	05	31,647,818	33,364,785	1,716,967
March	05	21,587,016	23,276,836	1,689,820
April	05	11,514,840	11,524,311	9,471
May	05	7,597,756	8,071,334	473,578
June	05	5,495,508	6,232,685	737,177
July	05	6,170,920	6,396,572	225,652
August	05	6,710,804	6,652,645	(58,159)
September	05	9,046,551	8,502,469	(544,082)
October	05	39,957,076	38,363,561	(1,593,515)
November	05	52,200,827	49,792,717	(2,408,110)
December	05	78,864,161	76,747,410	(2,116,751)
January	06	68,436,085	67,428,452	(1,007,633)
February	06	32,171,593	33,186,988	1,015,395
March	06	21,318,456	22,027,812	709,356
April	06	8,631,309	8,637,984	6,675
May	06	7,206,629	7,213,386	6,757
June	06	6,013,388	6,319,231	305,843
Total		\$ 1,843,256,428	\$ 1,849,085,021	\$ 5,828,592

South Carolina Pipeline Corporation
Program Results
Through July 2006

	January	February	March	April	May	June	July	August	September	Total 2006
NYMEX Average Market Price	\$ 13.5143	\$ 9.3231	\$ 7.7944	\$ 6.9274	\$ 7.3345	\$ 6.4116	\$ 6.3974			\$ -
Purchase Price Achieved per Normal Scenario		9.0060	7.9022				6.3974			
Difference	13.5143	0.3171	(0.1078)	6.9274	7.3345	6.4116	6.3974			
Ratio of Contracts in Normal Scenario to Total Contracts in										
Price Gain (Loss) - Normal Scenario										
Adjustment for Contracts Purchased per Low-Price Scenario										
Total Price Gain (Loss)	3.9847					(1.0069)	(0.8728)			
Contracts in Plan	54	168	90			20	14			346
Gain (Loss) vs Average Market Price	\$ 2,140,860	\$ 532,728	\$ (97,021)	\$ -	\$ -	\$ (207,362)	\$ (122,165)	\$ -	\$ -	\$ 2,283,062

Results since Inception of program

	Aug-Dec 1996	Total 1996	Total 1997	Total 1998	Total 1999	Total 2000	Total 2001	Total 2002	Total 2003	Total 2004	Total 2005	Total 2006	Total
NYMEX Average Market Price	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase Price Achieved per Normal Scenario													
Difference													
Ratio of Contracts in Normal Scenario to Total Contracts in Plan													
Price Gain (Loss) - Normal Scenario													
Adjustment for Contracts Purchased per Low-Price Scenario													
Total Price Gain (Loss)													
Contracts in Plan	212	1,359	2,074	2,431	2,327	2,206	2,307	2,266	856	731	1,008	346	18,122
Gain (Loss) vs Average Market Price	\$ 49,364	\$ 1,324,047	\$ (131,539)	\$ (1,872,780)	\$ 1,772,863	\$ 1,204,657	\$ (11,389,359)	\$ (12,400,450)	\$ 10,379,773	\$ (1,618,924)	\$ 1,343,901	\$ 2,283,062	\$ (8,864,553)

South Carolina Pipeline Corporation

Updated Through June 28, 2006

Contract Month	Type of Security	Date Purchased	Sales			Purchases		
			Number of Contracts	Price	Total Dollars	Number of Contracts	Price	Total Dollars
August 2006	Futures	02/13/06	-		\$ -	4	8.040	\$ 321,600
		02/15/06	-		\$ -	4	7.900	\$ 316,000
		02/28/06	-		\$ -	4	7.350	\$ 294,000
			-		\$ -			\$ -
			-		\$ -	12		\$ 931,600